EXECUTIVE SUMMARY

The Advisory Committee on Veterans Business Affairs (Committee) submits this annual report pursuant to the Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106-50). Section 203 of the Act directs the Committee to transmit a report to the Congress and to the President on the activities of the Committee and any recommendations developed by the Committee for the promotion of small business concerns owned and controlled by veterans.

For the past two years, the SBA national *Advisory Committee on Veterans Business Affairs*, with the able support of the SBA Office of Veterans Business Development has undertaken a diligent and thorough review of the full range of assistance available to existing and aspiring veteran entrepreneurs and small business owners. In this review, we included members of Reserve components of the United States military who are presently serving with equal measures of distinction and honor in America's War on Terrorism.

To the great credit of the SBA Administrator, his employees, and partners, a significant increase in outreach to, and delivery of SBA assistance to veterans has occurred over the past four years. Every SBA program we reviewed showed entrepreneurial assistance to veterans has increased between 50% and 100% over this time frame. We acknowledge this agency wide accomplishment as occurring during this time of War, and at a time of diminishing availability of resources across government, including SBA.

However, this *Committee* understands that best efforts across the agency, without an increase in specific resources commensurate with this increased demand does not suffice for America's serving Hero's. This demand requires a veteran specific focus to more effectively maximize the unique skills, needs, sacrifices, aspirations and commonality of purpose that America's veterans embody. It is time for Government to realize the asset that veterans as successful entrepreneurs are for America and for the American economy.

Our *Committee's* efforts recognize that: 1) America produces the world's finest citizensoldier warriors; And, 2) America produces the world's finest entrepreneurs and small business owners; Yet, 3) America lacks a nationally coordinated, locally enabling entrepreneurial development system designed specifically to transform our world's finest citizen-soldiers into our world's finest veteran entrepreneurs.

Historically, War produces great hardship, sacrifice and commitment on the part of our serving troops, on their families, and on America. Equally, War produces great opportunity for thoughtful, effective and enabling reintegration of Americas returning war Hero's as successful champions of America's system of free enterprise.

Since the formal naming of the members of the *Committee* by the Administrator of the U.S. Small Business Administration (SBA) in Fiscal Year 2003, the *Committee* has

successfully established an operational structure to ensure the successful attainment of its stated mission through an aggressive agenda with specific goals, objectives and outcomes.

In FY 2003 the *Advisory Committee on Veterans Business Affairs* under the direction and guidance of William D. Elmore, Associate Administrator, Office of Veterans Business Development, U.S. Small Business Administration, submitted its first Annual Report to the President and to Congress in accordance with the mandate *in Public Law 106-50*, which established the Committee. In keeping with this requirement, the Advisory Committee on Veterans Business Affairs has completed and is submitting its Second Annual Report to the President and to Congress.

The FY 2004 Annual Report from the Advisory Committee on Veterans Business Affairs focuses on the findings and recommendations of the Subcommittees established by the Committee in FY 2003 to carryout its mandate to function as an independent source of advice and to provide policy recommendations to the Administrator of the SBA, the Associate Administrator for the Office of Veterans Business Development of the SBA, the Congress, the President and other United States policymakers.

Following is a summary of the key policy recommendations and the recommendations of each subcommittee adopted by the full *Committee*. A detailed explanation of each recommendation is addressed within the full report.

Overall Key Recommendations: Policy Recommendation 1

- An increased investment of appropriated dollars over the next five years for the SBA Office of Veterans Business Development to build a nationwide network of Veteran Business Assistance and Coordination programs.
 - O 1. A). Create a Veteran specific Outreach, Assistance and Coordination entity in each SBA District Office market, to engage, deliver and coordinate directed access for veterans to all public and private entrepreneurial resources in that community;
 - O 1. B). These entities would work in concert with the SBA District Office, and coordinate with all SBA program partners, other government agencies, Veteran Serving Organizations, local, state and federal veterans programs, units and associations of Active, Reserve and National Guard, available programs of the National Veterans Business Development Corporation, entrepreneurial associations of small and large businesses, successful and aspiring federal prime and sub-contractors, while developing networks of successful veteran small business owners for volunteer mentoring.

- OVBD create a national, e-based based Veterans Entrepreneurial Training (VET) & mentoring system (NetVET) providing self paced entrepreneurial assessment, training, e-counseling and coordination in support.
- Creation of a Special Patriot Loan program for service-disabled veterans, veterans and Reserve component members. This loan would help maximize entrepreneurial success for service-disabled veterans and veterans in federal procurement and would enable small business success for members of Reserve components.
- Establish specific federal procurement goals for Veteran Owned small Business.
- Revise language of the GI Bill to enable earned veterans benefits be utilize for collateral or equity injection for SBA loan programs, for fees associated with such loans, to be used for business start up and operation expenses and, to be reimbursed for entrepreneurial training costs.
- Explore in SBA, in consultation with DVA, the creation of a SBA Veterans Continuum Loan initiative modeled after the GI Home Loan program

Subcommittee on Business Development

- Modify the language of the GI Bill to allow for veterans to use their GI Bill account to assist in the funding of start-up businesses;
- Initiate a Private-Sector Award Program which promotes and expands the visibility of successful veteran entrepreneurs
- Recognize private-sector organizations and government agencies that have demonstrated outstanding outreach initiatives and capabilities in working with SDVOBs and VOBs

Subcommittee on Veterans Outreach

- That the Office of Communications and Public Liaison of the SBA be tasked to script, produce/reproduce, as needed, quantities for both television and radio advertisements, under the guidelines and federal regulations for Public Service Announcements (PSAs) advising veterans, women and minorities of SBA's programs, services and business/technical assistance tools.
- That SBA, as soon as practicable, solicit the support of the Postmaster General to display posters featuring programs available to veterans and small business.
- That the SBA script, direct, produce and distribute a video production (DVD) in sufficient quantities to be distributed to Army, Navy, Air Force, Marine Corps, Coast Guard, National Air and Army Guard and Reserve units and appropriate DoD facilities.

Subcommittee on Procurement Findings

- The federal government should develop a centralized website linked to the SBA Homepage that may be used to guide veteran-owned businesses through the challenges of doing business with the Federal Government.
- The creation of a reverse Matchmaking program to be piloted within SBA's current Matchmaking events nationwide. A nationwide program such as this will allow contracting officers to focus directly on VOBs and SDVOBs and to assist these business owners in developing effective, core capabilities and guidance in effectively marketing to federal government buying agents.
- Simply the current General Services Administration (GSA) Schedule process for SDVOBs. This will allow start-up businesses to use their limited resources to enter into the government marketplace more competitively.
- Provide and allow for incentive payments for SDVOBs by DoD and other agencies of 5 percent, which mirrors the DoD's guidelines for contractors and subcontractors who use Native American, Aleutian and Pacific Islander small businesses as subcontractors on Defense Department contracts in excess of \$500,000.
- Expedite the restriction or elimination of bundling contracts by federal agencies. Implement under *Section 801 of the Defense Authorization Act for Fiscal Year 2004* proceedings that prohibit interim rules on bundling contracts.
- Develop and implement a *Train the Trainers Program* to assist administrative officers and contract officers/specialists with the guidelines, rules and implementation procedures for *PL 108-183*.

In closing, this Committee has spent two years developing and investigating a base of knowledge to produce outcomes required by the enabling statutes. We are grateful that the Congress, at the request of the Administration has reauthorized this Committee for two more years.

This Committee is proud of our work and equally proud of the thoughtful recommendations we have provided. We believe these recommendations as well as those contained in our FY 2003 Report provide a base of required activities and resources to help veterans overcome the sacrifices inherent in military service to our Nation.

We also believe that implementation of these recommendations; will accelerate the Nations already vested economic success of veterans, by building on the quality of character, training and skills that like no other group of diverse Americans are embodied in our Nations veterans. To do less is a mistake of federal policy, a disservice to America's real heroes, and a disservice to our Nation's economy.

James Blair Chairman FY 2004

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Final 2004 Annual Report from the Advisory Committee on Veterans Business Affairs

<u>INTRODUCTION</u>

Background Advisory Committee on Veterans Business Affairs

The *Advisory Committee on Veterans Business Affairs* was established in accordance with passage of *Public Law 106-50*, Veterans Entrepreneurship and Small Business Act of 1999 on August 17, 1999.

The Advisory Committee on Veterans Business Affairs functions as an independent source of advice and to provide policy recommendations to the Administrator of the SBA, the Associate Administrator for the Office of Veterans Business Development of the SBA, the Congress, the President and other United States policymakers. As an independent source of advice and policy recommendations, the Committee is tasked with the following duties:

- Review, coordinate, and monitor plans and programs developed in the public and private sectors, that affect the ability of small business concerns owned and controlled by veterans to obtain capital and credit and to access markets;
- Promote the collection of business information and survey data as they relate to veterans and small business concerns owned and controlled by veterans:
- Monitor and promote plans, programs, and operations of the departments and agencies of the United States that may contribute to the formation and growth of small business concerns owned and controlled by veterans;
- Develop and promote initiatives, policies, programs, and plans designed to foster small business concerns owned and controlled by veterans; and
- In cooperation with the *National Veterans Business Development Corporation*, develop a comprehensive plan, to be updated annually, for joint public-private sector efforts to facilitate growth and development of small business concerns owned and controlled by veterans.

Formulation and Function of Subcommittees

In an effort to ensure that the *Committee* fully and successfully meets its goals and objectives as stipulated in *PL 106-50*, the following subcommittees and task groups were formed:

• Subcommittee on Veteran Business Development.

This subcommittee researches and provides recommendations and guidance to the full Committee on the needs of veteran entrepreneurs to successfully form, develop and grow small business concerns.

• Subcommittee on Procurement.

This subcommittee researches and provides recommendations and guidance to the full Committee on the needs of veteran-owned small business concerns seeking to more successfully participate in federal and private procurement.

• Subcommittee on Veterans Outreach.

This subcommittee researches and provides recommendations and guidance to the full Committee on the unique needs and requirements of service-connected disabled veterans, women veterans, Native American veterans, and veterans from diverse ethnic backgrounds, including members of Reserve components of the US military, seeking to develop and expand successful businesses.

• Subcommittee On Financial Assistance

This subcommittee researches and provides recommendations and guidance to the full Committee in the area of availability and accessibility of financial assistance for veteran owned small business concerns and for veteran entrepreneurs seeking to start small business concerns.

• Subcommittee On Management & Technical Assistance

This subcommittee researches and provides recommendations to the full Committee on increasing and enhancing the availability and accessibility of management and technical assistance for veteran entrepreneurs.

FY 2004 COMMITTEE ACTIVITIES

For the past two years, the SBA national Advisory Committee on Veterans Business Affairs, with the able support of the SBA Office of Veterans Business Development has undertaken a diligent and thorough review of the full range of assistance available to existing and aspiring veteran entrepreneurs and small business owners. In this review, we included members of Reserve components of the United States military who are presently serving with equal measures of distinction and honor in America's War on Terrorism.

To the great credit of the SBA Administrator, his employees, and partners, a significant increase in outreach to, and delivery of SBA assistance to veterans has occurred over the past four years. Every SBA program we reviewed showed entrepreneurial assistance to veterans has increased between 50% and 100% over this time frame. We acknowledge this agency wide accomplishment as occurring during this time of War, and at a time of diminishing availability of resources across government, including SBA.

However, this Committee understands that best efforts across the agency, without an increase in specific resources commensurate with this increased demand does not suffice for America's serving Hero's. This demand requires a veteran specific focus to more effectively maximize the unique skills, needs, sacrifices, aspirations and commonality of purpose that America's veterans embody. It is time for Government to realize the asset that veterans as successful entrepreneurs are for America and for the American economy.

Our Committee's efforts recognize that: 1) America produces the world's finest citizen-soldier warriors; And, 2) America produces the world's finest entrepreneurs and small business owners; Yet, 3) America lacks a nationally coordinated, locally enabling entrepreneurial development system designed specifically to transform our world's finest citizen-soldiers into our world's finest veteran entrepreneurs.

Historically, War produces great hardship, sacrifice and commitment on the part of our serving troops, on their families, and on America. Equally, War produces great opportunity for thoughtful, effective and enabling reintegration of Americas returning war Hero's as successful champions of America's system of free enterprise.

These lessons are reflected in the decade's long positive effect on America's economic growth produced by the small business enabling opportunities for returning veterans contained in the G.I. Bills of World War 11 and Korea. Conversely, the diminished federal small business opportunity specifically for veterans in the aftermath of the Vietnam War, and Gulf War 1 serve as less sterling guides for present day policy and decision makers.

Resource decisions made now will not only affect returning veterans from this War, but America's economic success for decades to come. History has proven that American investment in veterans as trained and enabled entrepreneurs makes economic sense for America. Even more timely evidence is now available.

On November 9, 2004, the SBA Office of Advocacy (Jointly with the Office of Veterans Business Development) released their Final Report, Entrepreneurship and Business Ownership in the Veterans Population (contract number SBAHQ00R0029).

Section 9. 1. *Analysis and Policy Implications* 1. Asked: "Is Investment in Veteran Business Development Economically Rational?"

Section 9.1. Answered: "The data from both the new veteran entrepreneur survey and the veterans business owner survey provided persuasive evidence that investment in entrepreneurship programs for veterans and service-disabled veterans is economically rational. More than 22 percent of the residential population of veterans appeared to be engaged in or considering business start-up activity."

Following its inception, the *Advisory Committee on Veterans Business Affairs* convened its first full-Committee meeting on April 2003 at SBA's Headquarters Office. In fiscal year 2004, the Committee in adherence with the mandate of PL 106-50, to hold a minimum of at least three Committee meetings annually, fulfilled this mandate by convening three full-Committee meetings on March 1-3, 2004; June 2, 2004 and September 8-9, 2004 at SBA's Headquarters Office under the direction and guidance of William D. Elmore, *Associate Administrator*, Office of Veterans Business Development.

The March and June meetings focused primarily on the issues and impediments that have historically hindered the growth and development of successful small business concerns owned and controlled by veteran and service-disabled veteran small business owners and entrepreneurs. Many of these hindrances and impediments identified include those outlined in the *FY 2003 Annual Advisory Committee Report* and on which the various Subcommittees are based. To reiterate, these hindrances/impediments include the following:

- Access to successful business development programs,
- Access to procurement opportunities,
- Access and availability of adequate financial assistance opportunities,
- Availability and accessibility of management and technical assistance, programs to aid veteran and service-disabled entrepreneurs, and
- Adequate, available Veterans Outreach Programs.

To this end, each meeting included a segment which afforded opportunities for presentations by successful veteran-business owners to share their experiences and successes in the start and growth of their small business concerns. A special emphasis was placed on veteran-owned small business concerns that have been successful in securing federal contract awards. These small business owners provided insight on measures and action plans used to successfully market their firms to government contracting agents and included insight on the best practices in winning federal procurement contracts, as well as contracts at the state and municipal levels.

In keeping with the intent of the meetings to foster the growth and development of small businesses owned and operated by veterans, another equally important segment focused on presentations by leaders of federal agencies and private-sector organizations/ institutions that provide entrepreneurial education, counseling and training. The intent of these presentations, as stipulated by *PL 106-50*, was:

- to identify those agencies, organizations and institutions which provide directed, specific entrepreneurial education and training to veteran and service-disabled veteran small business owners and entrepreneurs;
- to establish a working relationship with these federal agencies to monitor and promote initiatives, policies, programs and plans designed to foster small business concerns owned and controlled by veterans;
- to develop in cooperation with the National Veterans Business Development Corporation a comprehensive plan for joint public-private sector efforts to facilitate growth and development of small business concerns owned and controlled by veterans; and
- to promote the collection of business information and survey data as they relate to veteran and small business concerns owned and controlled by veterans.

Each *Committee* member was assigned a role in fulfilling the task(s) of the subcommittee to which he or she was assigned, with the intent of reporting their findings at the final meeting of the *Advisory Committee* for fiscal year 2004 in September.

During the September 2004 meeting of the *Advisory Committee on Veterans Business Affairs*, the primary focus of the summit centered on compiling the recommendations submitted by each subcommittee member. However, in furthering the cause of the *Advisory Committee*, in meeting its mandate to promote and facilitate the development and growth of small businesses owned and operated by veterans, leaders of various federal government agencies and private-sector organizations and firms were invited to again provide insight on their goals and accomplishments, as well as the activities which their agencies and organizations provide relative to the promotion and facilitation of entrepreneurial education and training initiatives designed to foster small business ownership by veterans. Some of the private-sector organization and federal government agencies that participated in the meeting included the following:

- National Veterans Business Development Corporation
- Veterans Business Outreach Centers (VBOCs)
- VETFran (Veterans Transition Franchise Initiative collaborative effort between the Department of Veterans Affairs and the International Franchise Association and the SBA)
- Mational Guard Office of the Assistance Secretary of Defense for Reserve and National Guard
- Association of Small Business Development Centers (ASBDCs)
- Provident Bank
- Anteon Corporation (Mentor/Protégé)
- Blue Eagle, Inc. (Service-Disabled Veteran-Owned Small Business (SDVOSB))

Committee Response to Joint Efforts with the Veterans Corporation

Within the scope of PL 106-50, the *Advisory Committee on Veterans Business Affairs* is tasked with the responsibility of working directly with the *National Veterans Business Development Corporation* to develop a comprehensive plan, to be undated annually, for joint public-private sector efforts to facilitate growth and development of small business concerns owned and controlled by veterans.

To its credit the *National Veterans Business Development Corporation* has worked diligently in cooperation with the members of the *Advisory Committee on Veterans Business Affairs*, under the direction and guidance of the Office of Veterans Business Development, U.S. Small Business Administration, to provide better business opportunities for the nation's veterans, including the service-disabled veteran business community.

Follow are several accomplishments of the Corporation in Fiscal Year 2004:

- The Veterans Corporation's outreach efforts have successfully reached approximately 22,000 Veteran small business owners and potential veteran small business owners through direct phone contacts, email, personal contacts, correspondence through mail, seminars, conferences, government sponsored small business events and newsletters.
- The Veterans Business Directory developed and maintained by the Corporation, with the support of the SBA Office of Veterans Business Development, has expanded to include 2,676 registered veteran and service-disabled veteran owned small businesses. The Directory list 42 different agencies that provide products and services to both public and private sector purchasing agents. Additionally, organizations such as SAIC, Army Material Command, ITT Industries and Park Construction have specifically indicated that they use the Corporation's directory as a source for identifying veteran and service-disabled veteran owned businesses.
- In FY 04 the Veterans Corporation provided approximately 19,000 hours of formal in-class instruction to 667 veterans and service-disabled veterans entrepreneurs to increase their chances of success. Training was conducted in 18 states. This program was collaboratively designed with, and seed funding was provided by the SBA Office of Veterans Business Development in FY 03.
- The Corporation launched its first Veterans Business Resource Center (VBRC) in St. Louis Missouri in June 2004 to provide local assistance to area veteran entrepreneurs. A second VBRC is scheduled to open in Pittsburgh, PA at *Robert Morris University* by the end of 2004.

- Currently, the Corporation is sponsoring two national initiatives to fulfill its responsibility of coordinating both public and private-sector programs designed to assist veterans and service-disabled veteran entrepreneurs succeed. The National Veteran Entrepreneurial Educational Initiative (NVEEI) and the National Veteran Community Based Organization Initiative (NVCBO) involved a significant number of SBA program and other public and private-sector representatives assembled to develop and integrate services for veteran entrepreneurs from the national to the local level.
- During FY 04, the Corporation added the following programs to assist veteran entrepreneurs in becoming more competitive within the business community and to assist the Corporation in reaching its goal of self-sufficiency:
 - Partnered with the Commerce Funding Corporation to provide shortterm financing for veteran-owned businesses (VOBs) and servicedisabled veteran owned businesses (SDVOBs).
 - o Partnered with *Trading Places International* to provide discounted business travel services to VOBs and SDVOBs.

It is the consensus of the *Advisory Committee of Veterans Business Affairs* that while the Veterans Corporation is responsive to the needs of VOBs and SDVOBs, there is, however, a major impediment that hinders the ability of the Corporation to wholly fulfill its mandate. This barrier impedes the Corporations ability to effectively market itself and its services to the veteran business community at large and is a direct result of inadequate marketing tools and resources. Empirical data reflect that marketing efforts are needed to enhance the visibility of the Corporation to veterans and their organizations nationwide and to advance outreach initiatives in all facets of the Department of Defense and the Reserve and National Guard Units.

We offer, therefore, as our recommendations for the Veterans Corporation that:

- a cooperative effort of all agencies within the federal government be identified to project the capabilities of the Corporation,
- a Cooperative Agreement, perhaps a Memorandum of Understanding (MOU), between the U.S. Small Business Administration and the Corporation be established to develop an effective marketing plan which encompasses access to SBA's District Office staff and its resource partners the Small Business Development Centers, SCORE, Veterans Business Outreach Centers and Women's Business Centers to aid the Corporation in reaching the local veteran communities, through:
 - o access to SBA's entrepreneurial education, counseling and training;
 - o access to SBA's financial assistance programs/services; and

 access to procurement opportunities via SBA's certification programs to include 8(a), HUBZone, and to the Service-Disabled Veteran and Women's Procurement Programs.

This *Committee unanimously recommends* the following integrated program approach as the most effective way to maximize America's already vested investment in our returned and returning citizen-soldiers.

POLICY RECOMMENDATION 1

An increased investment of appropriated dollars over the next five years for the SBA Office of Veterans Business Development (OVBD) to build a nationwide network of Veteran Business Assistance and Coordination programs, commensurate with the significant interest and proven abilities of veterans to succeed as self employed small business owners. Particular attention should be directed to veterans disabled in military service and members of the Reserves and National Guard who are entrepreneurs.

- **TO: 1**. A). Create a Veteran specific Outreach, Assistance and Coordination entity in each SBA District Office market, to engage, deliver and coordinate directed access for veterans to all public and private entrepreneurial resources in that community or State, while concurrently, delivering proportional services directly to veterans where service gaps exist.
- B). These entities would work in concert with the SBA District Office, and coordinate with all SBA program partners, other government agencies, Veteran Serving Organizations, local and state and federal veterans programs, units and associations of Active, Reserve and National Guard, available programs of the National Veterans Business Development Corporation, entrepreneurial associations of small and large businesses, successful and aspiring federal prime and sub-contractors, while developing networks of successful veteran small business owners for volunteer mentoring.
- 2). OVBD create a national, e-based Veterans Entrepreneurial Training (VET) & mentoring system (NetVET) providing self paced entrepreneurial assessment, training, e-counseling and coordination in support of, and utilized by local Veterans Business Assistance and Mentoring programs, including those of the Veterans Corporation.
- **3).** Creation of a Special Patriot Loan program for service-disabled veterans, veterans and Reserve component members. This loan would help maximize entrepreneurial success for service-disabled veterans and veterans in federal procurement and would enable small business success for members of Reserve components, with *If Called Provisions and technical assistance* designed to minimize their prospects for absence based small business failure in the event of a Title 10 Activation of the owner.
- **4).** Establishment of specific federal procurement goals for Veteran Owned small Business, including set aside and sole source authority for contracting officers.

- 5). Revisions to GI Bill to enable earned veterans benefits be utilized for collateral or equity injection for SBA loan programs, for fees associated with such loans, to be used for business start up and operation expenses and, to be reimbursed for entrepreneurial training costs provided by any entity providing structured entrepreneurial training, if that entity is approved by the applicable State Approving Agency. Successful entrepreneurial training for veterans should not be limited only to SBDCs and Veterans Corporation programs. This diminishes and unnecessarily restricts eligible veteran's access to approved entrepreneurial training.
- 6). SBA, in consideration with DVA, explores the creation of a SBA Veterans Continuum Loan initiative modeled after the GI Home Loan program. This would require a cooperative initiative between DVA and SBA wherein, DVA would issue proof of veteran's status and SBA would issue Business Loan guarantee directly to the veteran, for their use at any SBA cooperating lender. This Guarantee would be ongoing and renewable over the life of the veteran.

FINAL RECOMMENDATION

A critical issue handicapping the development of timely and effective market based policy for SBA has been the lack of data and research on veteran's entrepreneurship. The SBA Office of Veterans Business Development and the SBA Office of Advocacy have cooperated in a number of initial research efforts designed to quantify the needs, and prevalence of entrepreneurial opportunity for veterans. This effort has been hampered by lack of designated resources to either office specifically designated to close this data and knowledge gap. This Committee recommends that specific resources be provided to OVBD, or to The National Advocate to continue and refine the development of necessary research to develop policy and program initiatives that are designed to meet the market that millions of aspiring and existing veteran entrepreneurs are.

Findings of the Subcommittees of the Advisory Committee on Veterans Business Development

Based on the research and findings of *Advisory Committee* members assigned to the various subcommittees identified, in the FY 2003 Final Report submitted by the *Advisory Committee for Veterans Business Affairs* to the President and the Congress, the *Advisory Committee* submits the following recommendations, in accordance with the functions of the subcommittees identified and defined by the *Advisory Committee*.

The recommendations from the *Subcommittee on Business Development*, which follows consist of a synopsis of a few of the public and private-sector agencies/organizations which currently offer entrepreneurial development, education and training programs/services to the veteran business community, identifies the impediments of each program and lists recommendations by the Subcommittee to overcome these hindrances and expand the services/resources these programs offer to advance ownership of successful small business concerns owned and controlled by veterans.

Business Development Subcommittee Findings:

O The Veterans Business Development Corporation – offers the FAST-TRAC VET Business education and training program. The *Advisory Committee on Veterans Business Affairs* agrees that in our opinion this particular education and training program is the single most important program offered to date to veteran-owned small businesses. Fast-Trac has shown measurable success based on empirical data which demonstrates that the program develops entrepreneurial skill sets, knowledge and abilities in veterans who have successfully completed the course.

It should, however, be noted that this program is limited by its national marketing efforts and needs more fundamental outreach initiatives to achieve its goal of reaching veterans interested in starting, managing and growing successful small business concerns and to Reserve and National Guard member entrepreneurs establishing or restarting self employment options upon discharge from active duty.

- o **HIRE-A-VET Program** The *Hire-A-Vet program* was established in the mid-70's as a Department of Labor (DOL) program to be administered by DOL and the State Offices of Employment Services. The Department of Labor through its *Hire-A-Vet program* has the potential to increase awareness of the need to improve both job opportunities and new business formation effort for veterans. By using existing resources established for this program, outreach activities can be offered as a value-added service to veterans while simultaneously eliminating duplication through use of existing resources.
- Veterans Business Outreach Centers these entrepreneurial education, training and counseling centers were established by the Office of Veterans Business Development, U.S. Small Business Administration, to provide entrepreneurial development and technical assistance services, such as business training, counseling, mentoring and referrals to eligible veterans owning or considering starting a small business and to Reserve and National Guard member entrepreneurs in starting, or re-establishing, managing and growing successful small business concerns.

Currently, there are four centers operating nationwide and are the only SBA resource partners with a primary mission of assisting veterans establish and maintain successful small business concerns and in assisting Reserve and National Guard member entrepreneurs start or re-establish self employment options. While these Centers, which are excellent resources for expanding outreach to veterans, have a mandate to offer electronic assistance to the veteran small business community, to Reserve and National Guard member entrepreneurs and to active duty military personnel seeking small business ownership as a career option, there clearly is a need to increase the number of VBO Centers nationwide as not all veterans have access to computerized

systems that allow for electronic business and technical assistance and mentoring.

In addition, the need to physically expand these Centers is grounded in the preference of individuals to engage in face-to-face assistance, which such interaction with their peers affords. This type of engaging interaction among new and established entrepreneurs fosters and encourages the success of novice entrepreneurs entering in business ventures for the first time.

Since access to these centers geographically is prohibitive for most of the veteran population, additional key centers need to be created to expand access to the existing SDBC network, SCORE network, Women's Business Center network, Transition Assistance Program locations established by the Departments of Defense, Labor and Veterans Affairs, and Vocational Rehabilitation Offices of the Department of Veterans Affairs. Expansion of the VBOC program would require minimal costs as these centers will maximize and coordinate access to existing resource centers and programs.

- O Loan Programs the subcommittee suggests that existing small business loan programs are well established and grounded within the structure of the Small Business Administration. However, additional efforts must be made to tailor programs for existing veteran-owned small businesses, with a primary emphasis on Reserve and National Guard member entrepreneurs returning from active duty deployment in the War on Terrorism. Data suggests that newly discharged veterans are seeking to establish businesses more so than any other population of veterans in the history of this country. The attendant result of this increase in entrepreneurship and small business ownership by veteran is the need to develop access to capital, such as contemplated in the proposed business loan referred to as the *Patriot Loan Program*.
- Transition Assistance Program (TAP) established by the Departments of Defense and Labor must have adequate distribution resources to provide extensive information and services for all new veterans seeking information on Public Law 106-50, Public Law 108-183 and the programs and services provided by SBA and its network of resource partners, the Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBCs) and Veterans Business Outreach Centers (VBOCs).

A note is in order; the Presidents National Hire Veterans Committee www.hirevetsfirst.org has undertaken a significant national effort to educate America's small and large business owners of the intrinsic value of Hiring Veterans First. We support this effort, and recognize that successful veteran entrepreneurs are a natural market for employment opportunities for returning and transitioning veterans.

Recommendations by the Subcommittee on Business Development

- o Modify the language of the GI Bill to allow for veterans to use their GI Bill account to assist in the funding of start-up or re establishment of businesses;
- o Initiate a Private-Sector Award Program which promotes and expands the visibility of successful veteran entrepreneurs
- Recognize private-sector organizations and government agencies that have demonstrated outstanding outreach initiatives and capabilities in working with SDVOBs and VOBs.

Veterans Outreach Subcommittee Findings:

The consensus of the *Subcommittee on Veterans Outreach* is far too many veterans nationwide, regardless of socioeconomic status, possess little if any knowledge of the business and technical assistance programs and services the Small Business Administration offers to the veteran community. This lack of knowledge about SBA stems in part from the marketing and funding resources available to the Agency. Although exact figures on the total number of veterans who lack knowledge about SBA are unavailable, the Advisory Committee feels that this figure represents about 50 percent or more of the veteran population.

While SBA views loans as its primary focus, we cannot deny that the business and technical assistance programs/services which Entrepreneurial Development and the Office of Veterans Business Development offer is the cornerstone for the success of any small business, regardless of veteran or non-veteran status. The position of the *Subcommittee on Veterans Outreach* reflects that of the *Subcommittee on Business Development* which is the commitment of veterans and their contributions to our Nation's freedom warrants programs tailored especially for them and these programs should be inclusive of both funding and educational initiatives.

Recommendations Veterans Outreach Subcommittee:

Over the course of FY 2004, the *Subcommittee on Veterans Outreach* has developed five major policy initiatives which it feels may be a positive contribution towards its primary mission of identifying the unique needs and requirements of service-connected disabled veterans, women veterans, Native American veterans, and veterans from diverse ethnic backgrounds, including members of Reserve components of the US military, seeking to develop and expand successful businesses.

The initiatives identified by the Subcommittee require the active support of the Administrator of SBA and its staff. Implementation of these major policy initiatives, we feel, may be accomplished at minimal cost, as such, we recommend the following:

That the Office of Communications and Public Liaison of the SBA be tasked to script, produce/reproduce, as needed, quantities for both television and radio

advertisements, under the guidelines and federal regulations for Public Service Announcements (PSAs) advising veterans, women and minorities of SBA's programs, services and business/technical assistance tools. These announcements should target the small business community and emphasize the loans, entrepreneurial development and procurement programs/services available through the Agency and its network or resource partners. The PSAs should be distributed nationwide to all major television networks and radio stations. To reduce production costs, we recommend that such PSAs be produced in conjunction with similar initiatives with other federal agencies, such as the Department of Veterans Affairs.

- That SBA, as soon as practicable, solicit the support of the Postmaster General to display posters featuring programs available to veterans and small business. Such displays in our nation's Post Offices will afford yet a solid and low cost outreach effort to all veterans interested in self-employment opportunities and available resources.
- That the SBA script, direct, produce and distribute a video production (DVD) in sufficient quantities to be distributed to Army, Navy, Air Force, Marine Corps, Coast Guard, National Air and Army Guard and Reserve units and appropriate DoD facilities. The video will be a marketing outreach tool on the business and technical assistance programs and services SBA offers for use in TAP and DTAP programs. A segment of the message conveyed on the video will include an explanation of *Public Laws 106-50, 108-183* and SBA's loan and business/technical assistance programs. Other agencies to receive this video include military medical facilities and the Veterans Administration Vocational Rehabilitation Centers. As a precaution, it is vital that the Administrator for SBA contact the Office of the Secretary of Defense to ensure that SBA has the full cooperation of DoD in this endeavor.

Subcommittee on Procurement Findings

With the passage of *Public Law 106-50* and the recent enactment of *Public Law 108-183*, the Federal Government has taken steps to extend and expand contracting opportunities to small business concerns owned and controlled by veterans. *Section 308, The Service-Disabled Veteran Procurement Program* in *Public Law 108-183* reflects the realization that small business concerns owned and controlled by service-disabled veterans deserve a special opportunity to engage in federal procurement opportunities.

Despite the goal of expanding procurement opportunities to service-disabled veteran business owners, there are, however, several issues with federal agencies meeting and complying with the mandate of *PL 108-183*. The foremost issue confronting SDVOBs in successfully engaging in federal procurement opportunities is their ability to effectively market their firms to government buying agents. To overcome this deficiency, it is imperative that adequate training and education initiatives addressing procurement issues

are made available to service-disabled veteran-owned business, as well as veteran-owned business to assure their success in securing federal procurement contracts. Such training should be available through federally funded initiatives.

An additional yet equally important issue which SDVOBs must overcome to effectively engage in federal acquisition opportunities is the need to educate contracting officers/specialists on the requirements of *PL 108-183* and to monitor their compliance in fulfilling the requirements of the law.

The *Subcommittee on Procurement* and the Advisory Committee wholly, support the following recommendations as they relate to federal acquisitions and procurements.

Recommendations:

- The federal government should develop a centralized website linked to the SBA Homepage that may be used to guide veteran-owned businesses through the challenges of doing business with the Federal Government. This site should provide active hyperlinks that support federal agencies so as not to overlap or duplicate agency efforts. Such a site provides value-added services to Agency Procurement Operations, to Contractor Procurements and should include a Veteran-owned Business Readiness Assessment form. It is conceivable that such a feature be integrated with the current CCR database.
- The creation of a reverse Matchmaking program to be piloted within SBA's current Matchmaking events nationwide. A nationwide program such as this will allow contracting officers to focus directly on VOBs and SDVOBs and to assist these business owners in developing effective, core capabilities and guidance in effectively marketing to federal government buying agents. Additionally, through the reverse Matchmaking program, contracting officers/specialists will gain direct access to small business concerns owned and controlled by service-disabled veteran, allowing for fulfillment of their goal to award 3 percent of federal contracts of SDVOBs.
- Simply the current General Services Administration (GSA) Schedule process for SDVOBs. This will allow start-up businesses to use their limited resources to enter into the government marketplace more competitively. Simplification of the GSA Schedule process should be expedited by the GSA through its own veteran outreach program efforts.
- Offer an intense training program to contract officers/specialists in federal agencies on the implementation and meaning of *PL 108-183*, using the SBA and its resource partner network along with the Procurement Technical Centers (PTACs) as the resources to conduct such training.
- Provide and allow for incentive payments for SDVOBs by DoD and other agencies of 5 percent, which mirrors the DoD's guidelines for contractors and

subcontractors who use Native American, Aleutian and Pacific Islander small businesses as subcontractors on Defense Department contracts in excess of \$500,000.

- Eliminate the priority of social economic requirements in the contract fulfillment selection process, thereby enabling increased opportunities for VOBs and SDVOBs to bid on federal acquisition opportunities.
- Expedite the restriction or elimination of bundling contracts by federal agencies. Implement under *Section 801 of the Defense Authorization Act for Fiscal Year 2004* proceedings that prohibit interim rules on bundling contracts. This modification allows both small businesses and VOBs an equitable chance to compete for DoD contracts (it isn't clear what he means by this recommendation).
- Amend legislative language in *PL 108-183*, *Section 308* to read the term "Shall" in place of the term "May." Modification of the language clarifies and authorizes contracting officers/specialists to award 3 percent of their federal contracts to SDVOBs as stipulated by Congress.
- Develop and implement a *Train the Trainers Program* to assist administrative officers and contract officers/specialists with the guidelines, rules and implementation procedures for *PL 108-183*. Training should be conducted by SBA using its existing outreach network, i.e., SDBCs, SCORE, WBCs and VBOCs, in conjunction with DoD's PTACs. Development and implementation of the *Train the Trainers Program* is based on requests from acquisition and procurement personnel throughout the federal government.

CONCLUSION

The *Advisory Committee on Veterans Business Affairs* has, in good conscience, formulated a number of recommendations for addressing the issues confronting veteran and service-disabled veteran business owners in their quest to bid on and secure procurement opportunities within the federal acquisition arena. Relative to *PL 108-183*, we have witnessed, discussed and read much related to the benefits and drawbacks this law affords in expanding access to federal procurement opportunities to small business concerns owned and controlled by veterans.

The *Committee* has, however, concluded that *PL 108-183* under no circumstance allows for complete access to government-wide contract opportunities. We offer as verifiable proof of our conclusion the attached study completed by the U.S. Small Business Administration's Office of Advocacy and Eagle Eye Publishers. It is clear that procurement issues are and will continue to be issues until federal agencies and contracting officers are educated and made aware of the law and the process to implement it within their organizations. Until then, small business concerns owned and controlled by veteran

and service-disabled veteran business owners will continue to fall short to the requirement by *PL 108-183* and *PL 106-50* to award 3 percent of federal contracts service-disabled veteran business owners.

Enlightened and proactive contracting officers within several agencies have met the challenges of *PL 108-183* and should be commended for their efforts. Nevertheless, until all government agencies understand and commit to full implementation will enactment of *PL 108-183* be complete.